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Proposed Attorneys for Debtors

ELECTRONICALLY FILED BY  
BELDING, HARRIS & PETRONI, LTD.

ON

6/25/09

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

\* \* \* \* \*

IN RE:

Case No.: BK-N-09-51953-GWZ; Chapter 11  
Jointly Administered with:

SILVER CLUB, a Nevada corporation

- ☐ Affects this Debtor.  
☒ Affects all Debtors.  
☐ Affects Parker's Model T, Inc.  
☐ Affects The Holder Group El Capitan, Inc.  
☐ Affects The Holder Group Elko, LLC

09-51956 Parker's Model T, Inc.  
09-51958 The Holder Group El Capitan, Inc.  
09-51961 The Holder Group Elko, LLC

Hrg. DATE: June 25, 2009  
Hrg. TIME: 3:00 p.m.  
Est. Time: 1 hour  
Set By: Judge Zive

Debtors.

**OMNIBUS DECLARATION OF CHRIS COLEY IN SUPPORT OF FIRST DAY  
MOTIONS**

STATE OF NEVADA )  
: ss.  
COUNTY OF WASHOE )

I, Chris Coley, hereby declare as follows:

1. I am over the age of 18 and am mentally competent. I make this Declaration (the "Declaration") in support of the motions requesting various types of immediate relief (collectively, the "First Day Motions") filed by the Debtors (as hereinafter defined) in the above-captioned cases (collectively, the "Chapter 11 Cases"). Except as otherwise indicated, all facts

1 set forth in this Declaration are based upon my personal knowledge of the Debtor Entities,  
2 information learned from my review of relevant documents and information supplied to me by  
3 other members of Debtor Entities management and various business and legal advisors.

4 2. I am an attorney-at-law admitted to practice before this Court and am licensed to  
5 practice law in the State of Nevada.

7 3. I am serving on a part-time basis as a Business and Legal Advisor for the four (4)  
8 Debtor Entities (all as hereafter defined) including serving as Business and Financial Advisor to  
9 various Holder related entities that are not in bankruptcy.

10 4. The Debtors in these Chapter 11 Cases are as follows: SILVER CLUB, a Nevada  
11 corporation; PARKER'S MODEL T, INC., a Nevada corporation; THE HOLDER GROUP EL  
12 CAPITAN, INC., a Nevada corporation; and THE HOLDER GROUP ELKO, LLC, a Nevada  
13 limited liability company (collectively, the "Debtor Entities").

15 5. I have reviewed the various First Day Motions and would make the following  
16 statements with respect to each:

17 With respect to the Debtors' EMERGENCY MOTION FOR INTERIM  
18 APPROVAL OF USE OF CASH COLLATERAL BY DEBTORS AND GRANTING  
19 ADEQUATE PROTECTION AND SCHEDULING A FINAL HEARING TO APPROVE USE  
20 OF CASH COLLATERAL BY DEBTORS:

22 a) Without the Debtors being authorized on an interim basis to use Cash Collateral  
23 of its first priority lender, Northern Nevada Asset Holdings, LLC, the Debtors will not be able to  
24 operate their hotel and casino business operations located in five (5) locations, including three (3)  
25 businesses in Elko, Nevada, one (1) in Winnemucca, Nevada, one (1) in Hawthorne, Nevada, and  
26 one (1) in Sparks, Nevada, although that facility is now temporarily closed and should reopen on  
27 a short term basis in the near future. Allowing the Debtors to use Cash Collateral as requested on  
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1 an interim basis until a final hearing can be had before the Court will allow the Debtors business  
2 operations to continue without interruption.

3           b) With respect to estimated revenue for the Debtors' business operations, that  
4 revenue estimate for the next three (3) months, starting June 20, 2009, and ending September 28,  
5 2009, is essentially an estimate in the middle in what could be the low versus the high in  
6 expected revenue for each location. Given the current challenging economic environment, the  
7 Debtor Entities are not expecting growth in revenue for the next three (3) months, but the Debtor  
8 does believe that there will be no further decline in its business operations between now and the  
9 end of September, 2009.  
10

11           c) Monies paid Konami Gaming, Inc., and Nevada Bank and Trust should allow the  
12 Debtor Entities to continue using proprietary software and hardware gaming support system  
13 without interruption.  
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15           d) With respect to payment of taxes and licenses, both to the Nevada State Gaming  
16 Control Board, Room Tax Authorities, and City, County and State Governments, the Debtor has  
17 projected payment of these obligations so that the Debtors remain current for the next three (3)  
18 months. The utility expenses that are projected for payment do not include prepetition liabilities  
19 that may be owing and those may have to be addressed in § 366 Utility Deposit hearings,  
20 especially with respect to the Elko Holdings which are roughly \$60,000.00 in arrears.  
21

22           e) With respect to the monies being paid to employees under payroll expenses,  
23 excluding management payment to CMS International, an entity owned and controlled by Holder  
24 Hospitality Group, Inc., all of the ongoing payroll obligations, including taxes, are paid by  
25 Paychex, and each of the properties' employees are paid every two (2) weeks. The Debtor  
26 Entities are current with all of their payroll and payroll tax obligations. The monies going to  
27 CMS International are for a pro rata share of the management time spent with respect to the  
28

Debtor Entities and their properties and as can be seen from the attached Exhibit "A" worksheet, and each of the entities is responsible for a pro rata share of the CMS International management surcharge. CMS International provides management for all of the Debtor Entities and the non Debtor Entities, including: insurance procurement and servicing, human resources, financial reporting and information gathering, information technology, engineering services, legal and reporting to governmental agencies, including the Nevada State Gaming Control Board.

f) Finally, the Cash Forecast Budget for the Silver Club includes reopening the Silver Club on or about June 30<sup>th</sup> or July 1<sup>st</sup> for a period of 16 hours, so that any gaming licenses can be preserved for an additional time period, as can be seen from the letters written to the State Gaming Control Board by the Debtor Entities' gaming attorney, and to the Tax and License Division for the Nevada Gaming Control Board. The Debtors have formally notified the appropriate gaming regulators that it intends to reopen the Silver Club by June 30, 2009, with an estimated opening of 4:00 p.m. on June 30, 2009, with a close at 8:00 a.m. on July 1, 2009. In my opinion, reopening the Silver Club gaming facility is in the best interest of the Debtor Entities' bankrupt estate.

g) Monies to maintain the Silver Club and to maintain The Holder Group Elko, LLC, will have to be borrowed from the Parker's Model T, Inc. and The Holder Group El Capitan, Inc., which Debtor Entities, Parker's Model T, Inc. and The Holder Group El Capitan, Inc. will have cash surpluses available to loan to Debtor Entities, Silver Club and The Holder Group Elko, LLC, that will be contending with cash negatives going forward.

With respect to the EMERGENCY MOTION FOR ORDER AUTHORIZING THE DEBTORS TO HONOR CASINO CHIPS AND OTHER GAMING LIABILITIES:

a) It is absolutely necessary for the Debtors to maintain their prepetition casino chips and tokens in the public domain and to honor those, as well as to honor progressive slot liability

1 and various gaming devices throughout its casinos, as well as ongoing customer promotions.  
 2 Debtors estimate their prepetition casino chip and token liability at \$565,018.00, but Debtors  
 3 believe that far less than 10% of that will request payment on those liabilities.  
 4

5 With respect to the EMERGENCY MOTION FOR ORDER AUTHORIZING  
 6 MAINTENANCE OF PREPETITION BANK ACCOUNTS:

7 a) As can be seen from the attached Exhibit "A" to the First Day Motion that seeks  
 8 to allow the Debtors to maintain their prepetition bank accounts, including general operating  
 9 accounts, merchant accounts, credit card facilities and ATMs, it would be extremely burdensome  
 10 and expensive for the Debtors to reflag these accounts at another bank or have to adjust the  
 11 merchant account to Debtor-in-Possession accounts. There appear to be ten (10) accounts in  
 12 question and Debtor Entities believe it is in the best interest of all of its estates and creditors to  
 13 maintain these bank accounts as they existed prepetition.  
 14

15 With respect to the EMERGENCY MOTION FOR ORDER (I) AUTHORIZING  
 16 DEBTORS TO PAY WAGES, SALARIES, BENEFITS, REIMBURSABLE BUSINESS  
 17 EXPENSES, AND OTHER EMPLOYEE OBLIGATIONS, AND (II) AUTHORIZING AND  
 18 DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS CHECKS AND  
 19 TRANSFERS RELATED TO SUCH OBLIGATIONS:  
 20

21 a) The Debtor Entities' wages are paid every two weeks with Paychex paying direct  
 22 the wages for all of the Debtor Entities' employees, numbering approximately 550. Employee  
 23 benefit contributions to be paid for the benefit of each of the employees pursuant to this Motion  
 24 will not exceed \$4,600.00 in total. Debtor Entities, per an established policy, only pay vacation  
 25 time to employees.  
 26

27 Debtors would request that the Court approve these First Day Motions given the fact that  
 28 the stable employee workforce is absolutely key for the Debtor Entities to continue successfully



1 performing their casino operations in the future.

2 5. I declare under penalty of perjury that the foregoing is true and correct to the best  
3 of my knowledge and belief.

4 DATED this 24<sup>th</sup> day of June, 2009.

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CHRIS COLEY, Business and Legal Advisor to the Silver  
Club and related entities

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DATED this 24<sup>th</sup> day of June, 2009.

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/s/ Stephen R. Harris  
Attorney for Debtors

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